



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry, A.A.E.
Director of Aviation

SUBJECT: Aviation Services Performance
Measure CNG Station Utilization

DATE: May 20, 2005

Approved /s/

Date 06/01/05

RECOMMENDATION

This memo has been prepared to provide additional information on the Aviation Service Business Plan in response to questions raised during the City Council Operating Budget Study Session. In addition, the following are recommended for inclusion in the 2005-2006 Operating Budget Process:

- 1) Approval of an additional Performance Measure and Activity and Workload Highlight in the Airport Environmental Management Core Service 2005-2006 Adopted Operating Budget to reflect utilization of the Airport's Compressed Natural Gas (CNG) Station.
- 2) Approval to bring back for Council review information on the advertising strategies to be employed to increase the level of use of the CNG station by private vehicles through the Making Government Work Better report to be scheduled for presentation to the Committee in the Fall 2005.

BACKGROUND

At the City Council Transportation and Aviation Services Operating budget study session held on May 11, 2005 additional information was requested on the following:

- Council requested information relative to advertising strategies to be employed to promote increased utilization of the CNG station located at Mineta San José International Airport. This request parallels a similar directive received from the Making Government Work Better Committee (MGWB), as a result of a report on CNG station operations presented to the Committee on April 21, 2005. The Airport is currently tasked to provide a follow up report to the MGWB Committee that addresses CNG station advertising to the general public, utilization of alternative power for station operations to reduce costs, and identifying additional opportunities for utilization of the station by Airport and City vehicle fleets. Some of the issues to be addressed in the report include:

Advertising and Marketing

- Direct mail advertising to CNG vehicle owners.
- Expanded internet presence by partnering with industry partners such as Silicon Valley Clean Cities Coalition.
- Development and distribution of CNG station information at community events.
- Revision of station management contract to include a marketing work scope.

CNG Station Management

- Examination of alternate power options, such as solar power, to reduce station operational costs.
- Restructuring of station management contract to link station utilization and management compensation.

Performance Measures


- Benchmarking CNG station performance with public and private entities.
- The use of Performance Measure and Activity Highlight data in the Transportation and Aviation Services CSA Business Plan.
- Establish measurable relationship in cost and environmental impact between the use of CNG fuel versus gas and diesel.

Airport staff recommends that the issue of station advertising as raised in the budget study session be addressed along with other CNG station issues in a comprehensive MGWB report to be presented in the fall 2005.

City Council also requested that the Airport develop a new performance measure that reflects the level of utilization of the Airport CNG station. To that end, the addition of a new performance measure to the Airport Environmental Management Core Service is recommended to address the use of the station by non-airport vehicles. The inclusion of an Activity Highlight indicator to track and reflect the goal of expanded overall use of the Airport's Compressed Natural Gas (CNG) Station is also recommended. These two additions are reflected below:

Core Service: Airport Environmental Management
Airport Department

Performance and Resource Overview

Airport Environmental Management Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 % of Compressed Natural Gas (CNG) Dispensed to Non-Airport Customers	10.5%	NEW*	TBD*	TBD**

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total Amount of CNG Dispensed (GGE)***	340,411	NEW*	TBD*	TBD**
- Dispensed for Airport Uses (GGE)***	304,695	NEW*	TBD*	TBD**
- Dispensed to Non-Airport Customers (GGE)***	35,716	NEW*	TBD*	TBD**

* Target and estimated numbers for 2004-2005 were not set since this PM is currently not in place.

** Target and Forecast numbers for 2005-2006 will be set upon analysis of market potential.

*** GGE or Gallons of Gas Equivalent is the unit of measure for CNG usage.

BUDGET IMPLICATIONS

There are no additional costs associated with the performance measure and activity highlight additions.

/s/

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Director of Aviation